Digital Business

Navigating Through Post-Merger Integration of CRM Systems: A Salesforce Perspective

To execute a successful post-merger integration of customer relationship management (CRM) system Saleforce.com (SFDC), organizations must understand and address specific critical considerations. These include IT asset consolidation, unifying and streamlining the post-merger architecture and organizational structure, change management execution, data migration processes, and regulation and compliance requirements.

Executive Summary

By their very nature, mergers and acquisitions are complex exercises that require deep thinking and precise execution, encompassing people, process and technology aspects for success. Post-merger integration of customer relationship management (CRM) systems can become a challenging and time-consuming task for the simple reason that they do not always fit a structured and programmatic approach that can be effectively articulated in a point-by-point integration exercise.

This point-of-view paper addresses corporate pain points by detailing the critical considerations required for a successful post-merger integration of CRM systems. It assumes the CRM system of the acquiring company is Salesforce.com (SFDC), and that all CRM functionalities will be consolidated in SFDC.

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Facets of IT assets in mergers/acquisitions

The success or failure of many mergers and acquisitions often pivots around IT asset consolidation. These exercises can be broadly classified in three categories: pre-merger, merger and post-merger (see Figure 1).
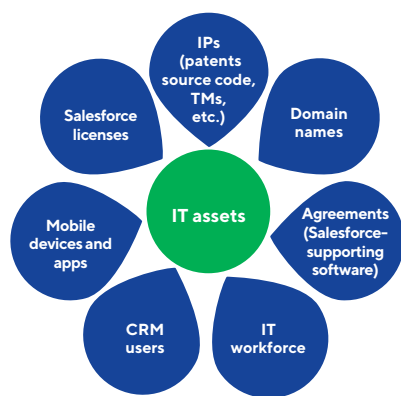
Classifying mergers & acquisitions

Figure 1

Pre-merger
- IT due diligence team
- Identification of IT asset and inventory – robust asset management
- Cross-functional software asset management (SAM) team formation

Merger
- Corporate strategy/M&A team, Legal
- Acquisition of Salesforce licenses/instances
- Integration Management Office (IMO) setup
- Identify and achieve short-term, tactical operational imperatives
- Devise short- and long-term plan for Salesforce-related asset management

Post-merger
- Network and IT Architects, Legal, Procurement and Sourcing
- Rationalization of Salesforce and related applications
- Decommissioning of redundant assets
- Enact new agreements with Salesforce

Salesforce CRM architecture

Every organization has its own CRM landscape and architecture, adapted to support its business operations. It is critical that the existing CRM landscape and architecture are unified post-merger/acquisition (M&A) to achieve the maximum synergy possible. Organizations must overcome key technology challenges after an acquisition to unify and streamline business processes across the entire enterprise. Post-merger IT integration aims to align business processes, systems and procedures across the combined organizations. The step-wise approach for integration of CRM architecture along M&A timelines is detailed in Figure 2.

Key steps in creating an integrated Salesforce CRM architecture

Key considerations

- Platform identification (Lightning)
- Salesforce orgs
- Users/roles and hierarchy
- Apps implemented (sales cloud, service cloud, marketing cloud, partner app, community)
- Mobile apps
- Third-party apps for Salesforce
- Integration touchpoints
- Real time – inbound and outbound
- Batch – inbound and outbound
- Workflows
- New SLAs and business rules
- Reports and dashboards
- Middleware
- Third- party ETL tool usage
- License impacts

Pre-merger – Analysis & due diligence

Business case for change | As– is v/s to-be state | Impact analysis of CRM initiatives | IT portfolio analysis | IT assets analysis | IT and CRM leadership assessment | Analyze workflow and integration impact | Assess inflight projects | Define integration plan

Merger – Operational synergies

Development and acquisition of SFDC | Alignment of key CRM processes | Alignment to regulatory and compliance requirements | Integration of major business functions and communications | Uninterrupted customer experience

Post-merger – Integration execution

Integration project plan | Roles and responsibilities (internal and external) | SFDC architecture and design | Implementation | Integration | Ongoing support and enhancements
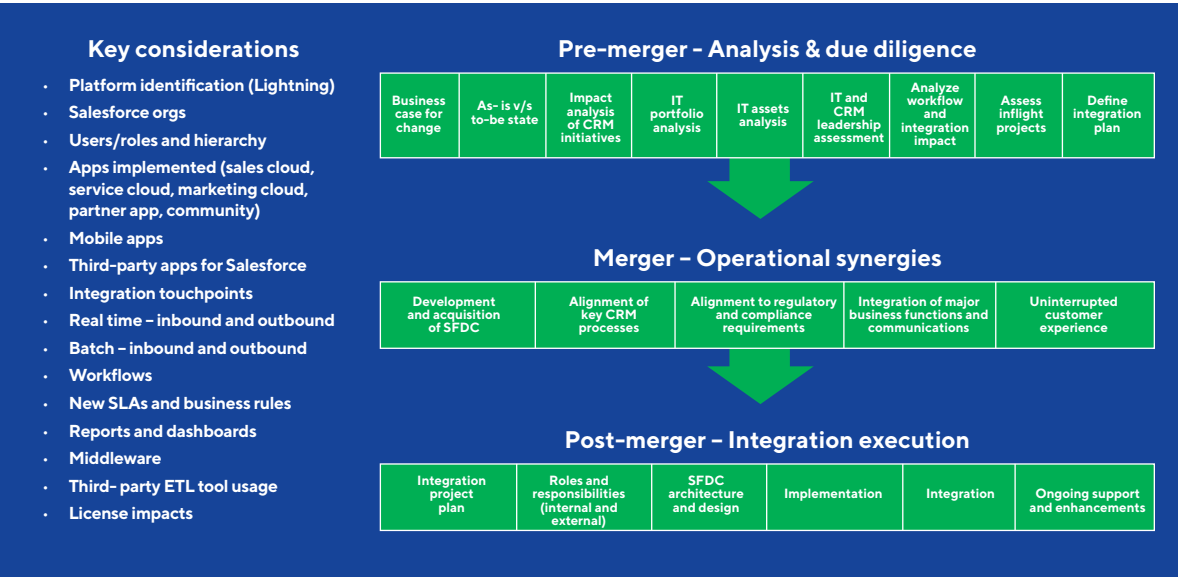
Figure 2

Salesforce organizational structure, post- merger/acquisition

The decision to adopt single or multiple Salesforce organizations typically hinges on reducing complexity (both from administration and usability points of view) and the need for having a single source of truth for the entire organization. Both single Salesforce organizational setups and multiple Salesforce organizational structures have their own sets of advantages and disadvantages. The decision to adopt single or multiple Salesforce organizations post-merger/acquisition should be made primarily on the basis of the business operating strategy.

In a well-regarded book that examines enterprise architecture as strategy, the authors propose the four operating models, based on business process integration and business process standardization.[1] Figure 3 (next page) highlights the suggested strategy for Salesforce organizations along the lines of the four operating models post-merger/acquisition.

The Salesforce organizational structure calculus

Process integration	Process standardization	Strategy	Org structure recommended
High	High	Unification	Single (As few as possible)
High	Low	Coordination	Single (As few as possible)
Low	High	Replication	Multiple
Low	Low	Diversification	Multiple

Figure 3

Other critical considerations in this regard include the ability to handle multiple lines of business in a single Salesforce organization; executing effective change management in a single organizational setup; fulfillment of regulatory/compliance/ security requirements; and technical limitations (e.g., code customization limits of a single organization).

Salesforce license rationalization

Salesforce license rationalization post-merger/ acquisition should be viewed as an operational cost-saving initiative by optimizing the number of Salesforce licenses that are required. A thorough understanding of the data structure, required profiles, roles/role hierarchy, permission sets and overall Salesforce architecture is required before embarking on the journey for optimizing the Salesforce licenses post- merger/acquisition.

To a large extent, business integration and the existing CRM system of the "target" organization (i.e., the organization acquired or merged) dictates the Salesforce license rationalization approach, as shown in Figure 4.

An approach for license rationalization

	Business integration approach	Salesforce license rationalization approach (Target company has Salesforce as CRM system)	Salesforce license rationalization approach (Target company has other CRM system)
1	Acquisition: The "target" company is retained as-is in the merged entity.	• Identify "common" job functions & adopt approach detailed in #2 • For non-common job functions, create new profiles/roles and assign appropriate user licenses	
2	Merger: The "target" company's operations are absorbed in the acquiring company's operations.	Identify and merge users in "overlapping" existing Salesforce licenses in existing licenses of acquiring company	Assign CRM system users of the target company to the existing Salesforce licenses in the acquiring company
3	Consolidation: Two companies come together to provide altogether new products/services by leveraging the achieved synergy.	Post finalization of job functions, devise profiles/ roles/permission sets and allocate appropriate Salesforce licenses to users	

Figure 4

Data migration

Data from the acquired company's CRM system needs to be migrated to the Salesforce instance of the merged business entity. Doing so ensures that the acquired company's business processes are carried over and executed successfully to achieve the synergy envisioned from the M&A. To manage the variety and complexity of the data migrated, it is critical to set up a high-level process to govern the necessary micro steps during the data migration.

Assuming the data migrated from the CRM system (Salesforce.com or others) to Salesforce.com is a one-time migration, we suggest an approach depicted at a high level in Figure 5.

A governance process for data migration
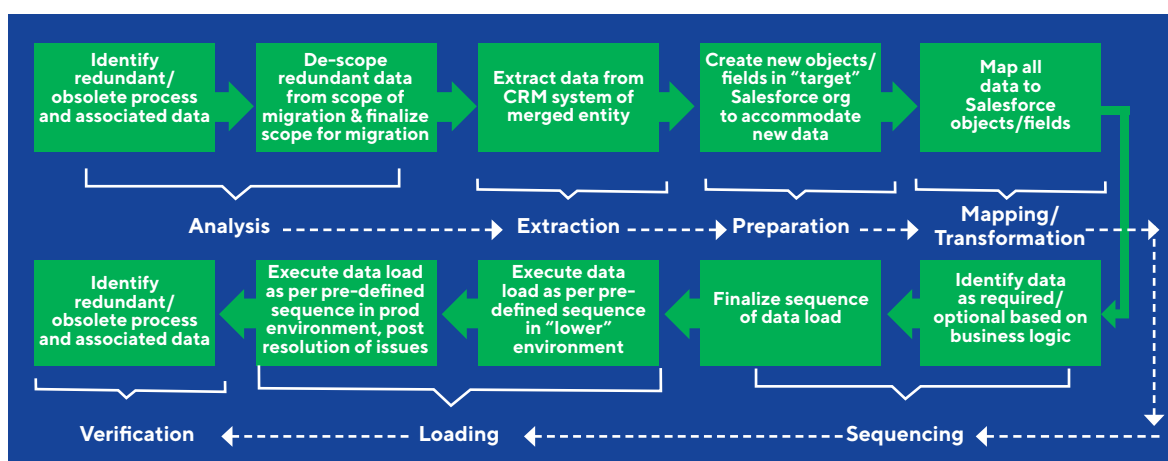
Figure 5

Other critical considerations for ensuring a fail-safe data migration include:

I Back-up CRM data prior to the migration.

I Execute data migration during non-business hours.

I Confirm accurate user mapping to ensure correct record ownership.

I Set up organization-wide defaults and profiles in line with visibility rules.

I Map page layouts to profiles according to visibility rules.

I Execute manual sanity testing post-migration and before the go-live.

I De-activate workflows/triggers during data migration to prevent flooding of mailboxes by mass e-mails.

Change management

Change management is one among the key drivers of a successful M&A. From the leadership through the on-ground workforce, various aspects of change management must be applied to both organizations.

In practice, change management must be executed at two broad levels – internal and external. Managing internal change involves communication to staff members of both organizations; formulation of staffing practices to be followed post M&A, planning the to-be organization structure; process decisions; Salesforce trainings, etc. Managing external change involves communications to external entities (customers/regulatory authorities/media, etc.), new product offerings, and marketing support.

Broadly speaking, the key to successful change management is highlighted in Figure 6.

The tenets of successful change management execution

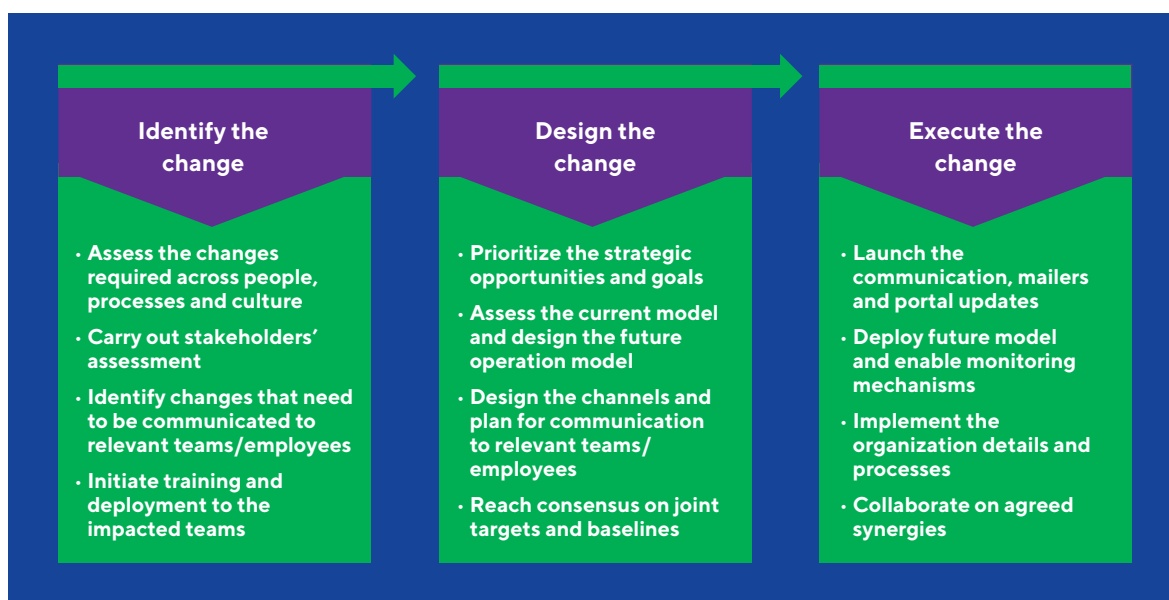| Identify the change	Design the change	Execute the change
• Assess the changes required across people, processes and culture • Carry out stakeholders' assessment • Identify changes that need to be communicated to relevant teams/employees • Initiate training and deployment to the impacted teams	• Prioritize the strategic opportunities and goals • Assess the current model and design the future operation model • Design the channels and plan for communication to relevant teams/employees • Reach consensus on joint targets and baselines	• Launch the communication, mailers and portal updates • Deploy future model and enable monitoring mechanisms • Implement the organization details and processes • Collaborate on agreed synergies

Figure 6

The suggested steps, key considerations and best practices for managing internal change management are depicted in Figure 7.

Making change management work internally

Key considerations
- Involvement
- Communication
- Staffing practices
- Organizational structure
- Process decisions
- Cultural interventions

Pre-merger – Strategy/ M&A team
- Set up a change management committee
- Communicate with employees

Merger – Strategy, M&A team, change management committee
- Define goals, values, vision, strategy and policies for the new entity
- Communicate with employees
- Define the operating model

Post-merger – Change committee
- Analyze and understand cultural differences
- Involve employees
- Downsize/Redeploy employees
- Train employee to align to new CRM processes and Salesforce
- Track results

Best practices
- Set up a change management committee to take care of change management throughout the merger process
- Communicate with employees from day one
- Conduct workshops for employee trainings
- Partner with Salesforce to provide CRM training, including best practices
- Form core teams for each workstream to ensure deep expertise, access to Salesforce integration tools and necessary capacity

Figure 7

The suggested steps, key considerations and best practices for managing external change management are illustrated in Figure 8.

Making change management work externally

Key considerations
- Customer/Member communications
- Media communications & public relations
- Community communications & community relations
- Other marketing support
- Product offerings

Pre-merger – PR team
- Communicate with customers, partners, vendors and other external stakeholders
- Share the merger details
- Provide seamless sales and service support

Merger – Sales, service and marketing team, CRM IT ieam
- Communicate with customers about the new entity
- Implement the new branding at all external communication touchpoints such as email, SMS, websites, customer portals, stationaries, etc.

Post-merger –Sales, service and marketing team, CRM IT team
- Analyze and understand various external touchpoints of CRM
- Rebrand Salesforce as per the new entity
- Implement the new defined CRM processes in Salesforce
- Provide access and training to internal and external users
- Communicate with customers about changes in systems and processes

Best practices
- Communicate with customers and partners throughout the merger process
- Identify the branding aspect before the merger and align to the new branding from day one of the merger
- Keep all the channels aligned to the new processes and branding
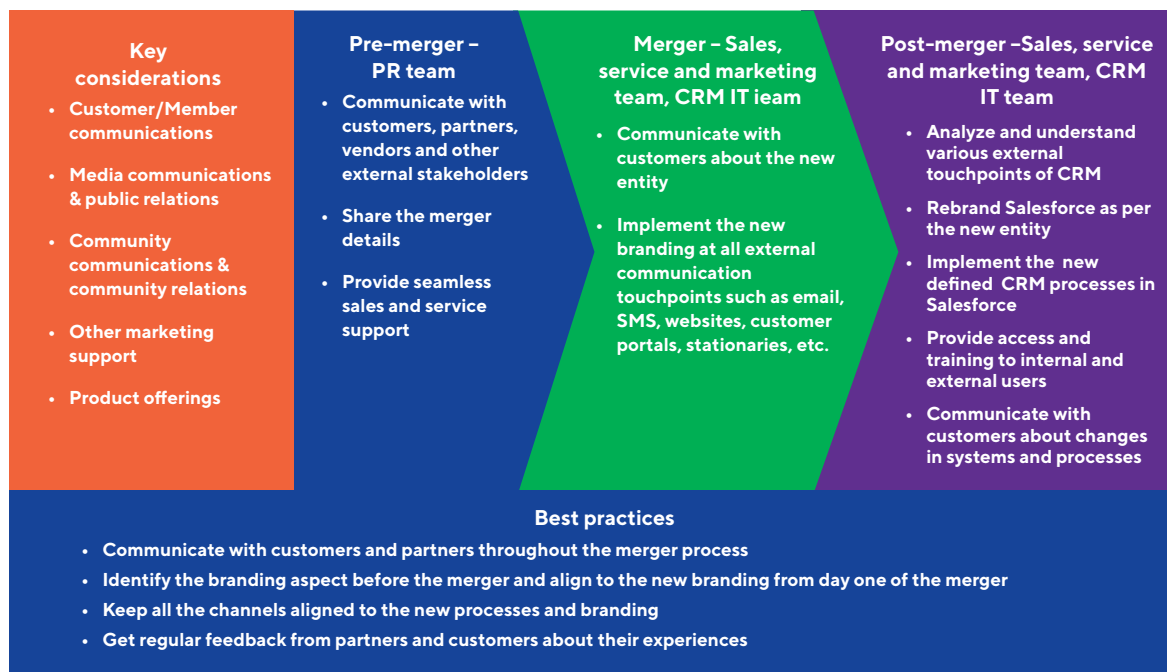- Get regular feedback from partners and customers about their experiences

Figure 8

Regulation & compliance

To a large extent, regulation and compliance formalities are driven by the nature of business, as well as its organizational structure, operating strategy and region/location. It is natural to assume that both organizations in a merger/acquisition may not be governed by the same set of regulations and may not need to comply with the same set of laws because their operating strategy and location often vary. Broadly speaking, regulations and compliance include policies, procedures, contracts, legal obligations and guidelines, etc.

For a M&A to be successful, regulatory changes and compliance requirements must be competently managed to ensure that both business entities are aligned and run smoothly. Given the scale and complexity of most M&A transactions, and the need to commercialize acquired products/services quickly, the acquiring organization needs a well-defined framework to successfully harmonize the regulatory changes and compliance requirements, reducing lead time of the acquired product/services to hit the market.

Our suggested framework to manage regulatory changes and compliance requirements comprises five steps, as detailed in Figure 9.

Managing M&A regulation & compliance requirements

Recommended framework

Review	Assess	Confirm	Implement	Monitor
• Existing regulatory and compliance details • Probable future regulation changes • Recent compliance breaches • Past non-compliance actions and their remedies	• Map areas of business, contracts, policies, and procedures impacted by merger or acquisition • Communication channels to announce the changes • Categorize the risks • Existing pain points	• Measure impact of the change assessments • Prepare the checklists/plans • Identify the resources and form small teams • Identify the risks and their mitigation solutions	• Update policies, contracts and procedures • Create new policies as required • Communicate the changes • Kick off training and deployment	• Conduct audit reviews and update mitigations plans • Maintain/update policies and controls • Maintain organizational hierarchies • Communicate continuously

Key considerations in Salesforce orgs

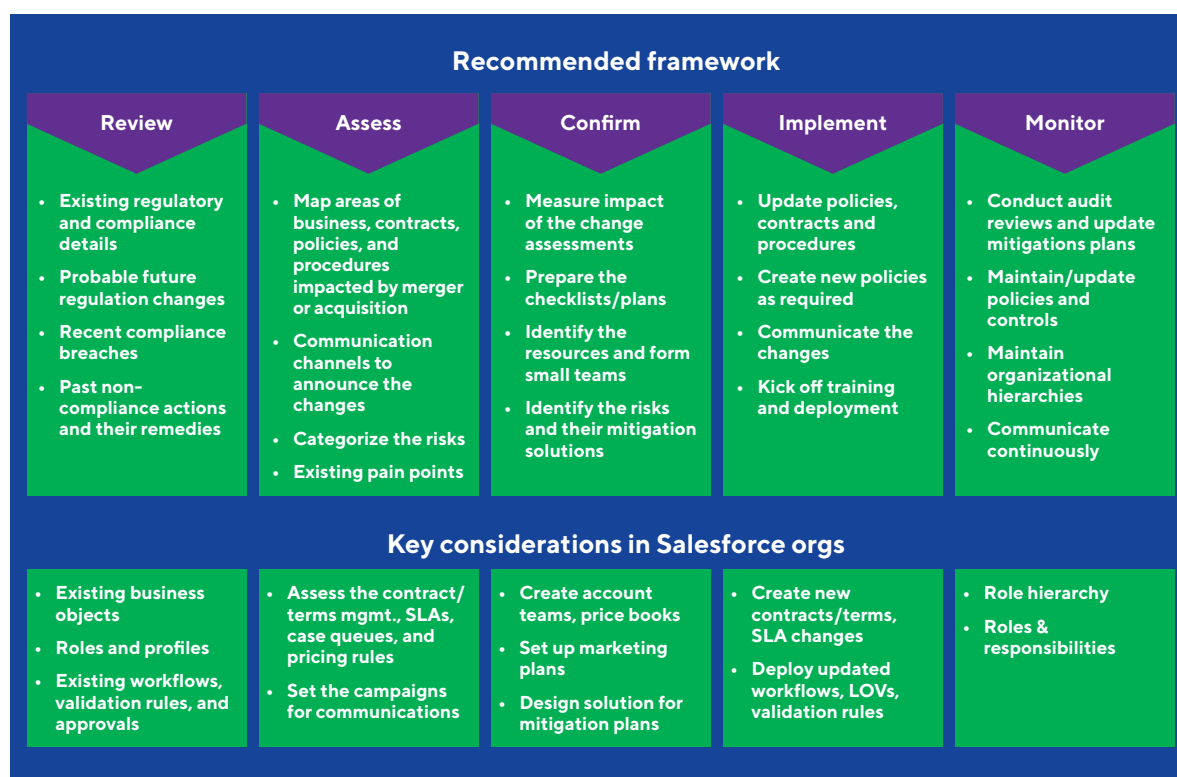|				
• Existing business objects • Roles and profiles • Existing workflows, validation rules, and approvals	• Assess the contract/terms mgmt., SLAs, case queues, and pricing rules • Set the campaigns for communications	• Create account teams, price books • Set up marketing plans • Design solution for mitigation plans	• Create new contracts/terms, SLA changes • Deploy updated workflows, LOVs, validation rules	• Role hierarchy • Roles & responsibilities

Figure 9

Sales, marketing & service integration

The proposed framework for successful integration of sales, marketing and service functions post M&A is highlighted in Figure 10.

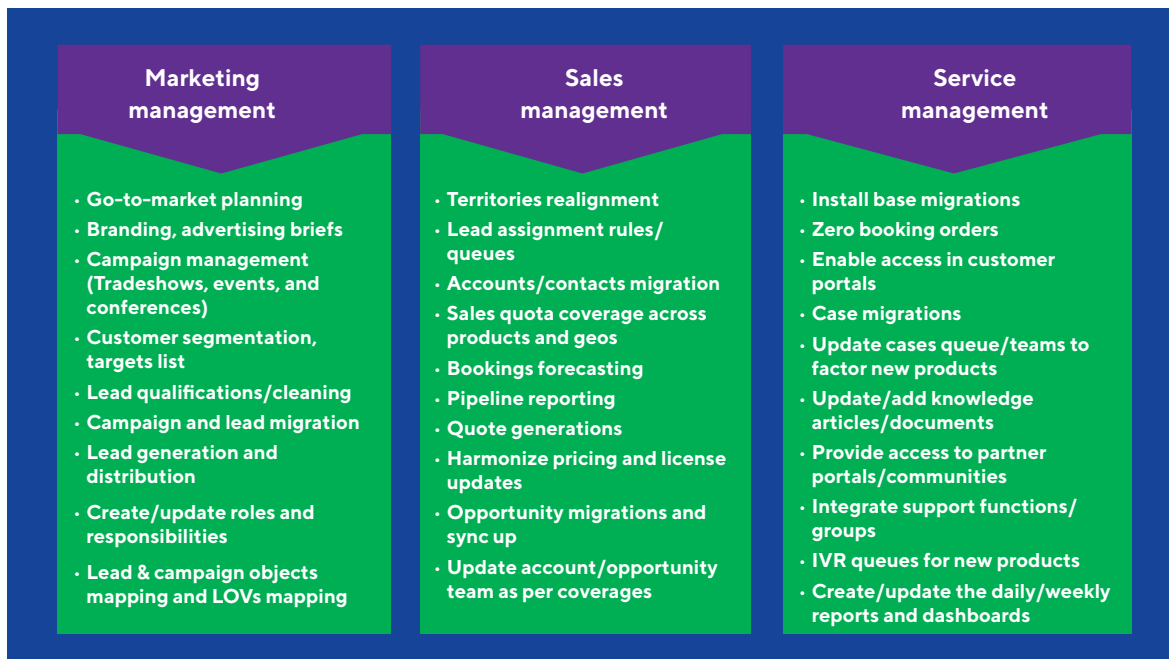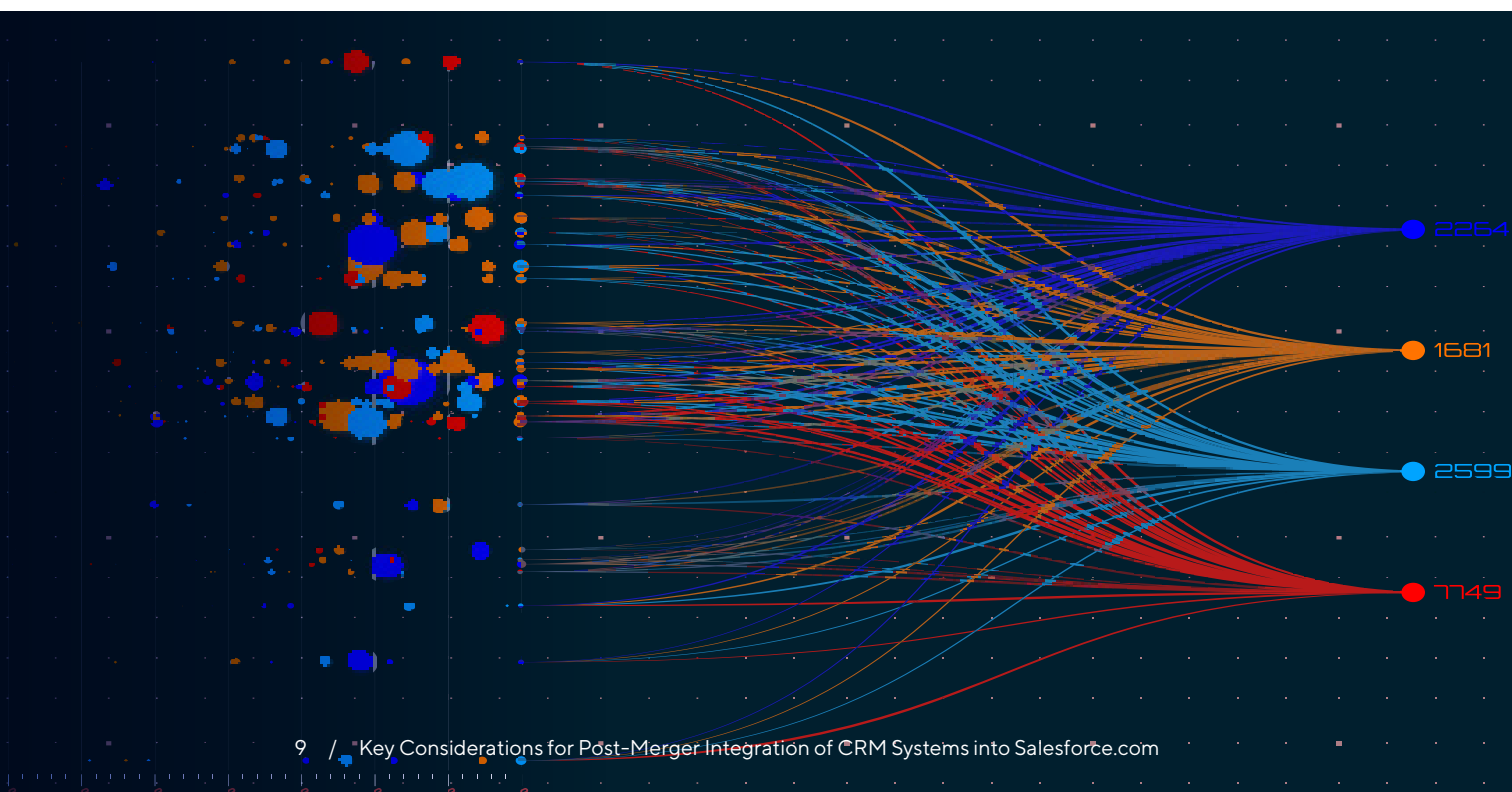## A framework for sales, marketing & service integration

Marketing management	Sales management	Service management
• Go-to-market planning • Branding, advertising briefs • Campaign management (Tradeshows, events, and conferences) • Customer segmentation, targets list • Lead qualifications/cleaning • Campaign and lead migration • Lead generation and distribution • Create/update roles and responsibilities • Lead & campaign objects mapping and LOVs mapping	• Territories realignment • Lead assignment rules/ queues • Accounts/contacts migration • Sales quota coverage across products and geos • Bookings forecasting • Pipeline reporting • Quote generations • Harmonize pricing and license updates • Opportunity migrations and sync up • Update account/opportunity team as per coverages	• Install base migrations • Zero booking orders • Enable access in customer portals • Case migrations • Update cases queue/teams to factor new products • Update/add knowledge articles/documents • Provide access to partner portals/communities • Integrate support functions/ groups • IVR queues for new products • Create/update the daily/weekly reports and dashboards

Figure 10

Planning the post-merger integration

A good deal of planning goes into detailing the post-merger integration of a CRM system into a single/multiple Salesforce instance(s). We recommend using a top-down approach to listing all elements of a CRM environment, post-merger integration (as revealed in Figure 11).

The progress of the planning can be tracked by a simple report on the progress of the activities and associated tasks.

The elements of a CRM environment
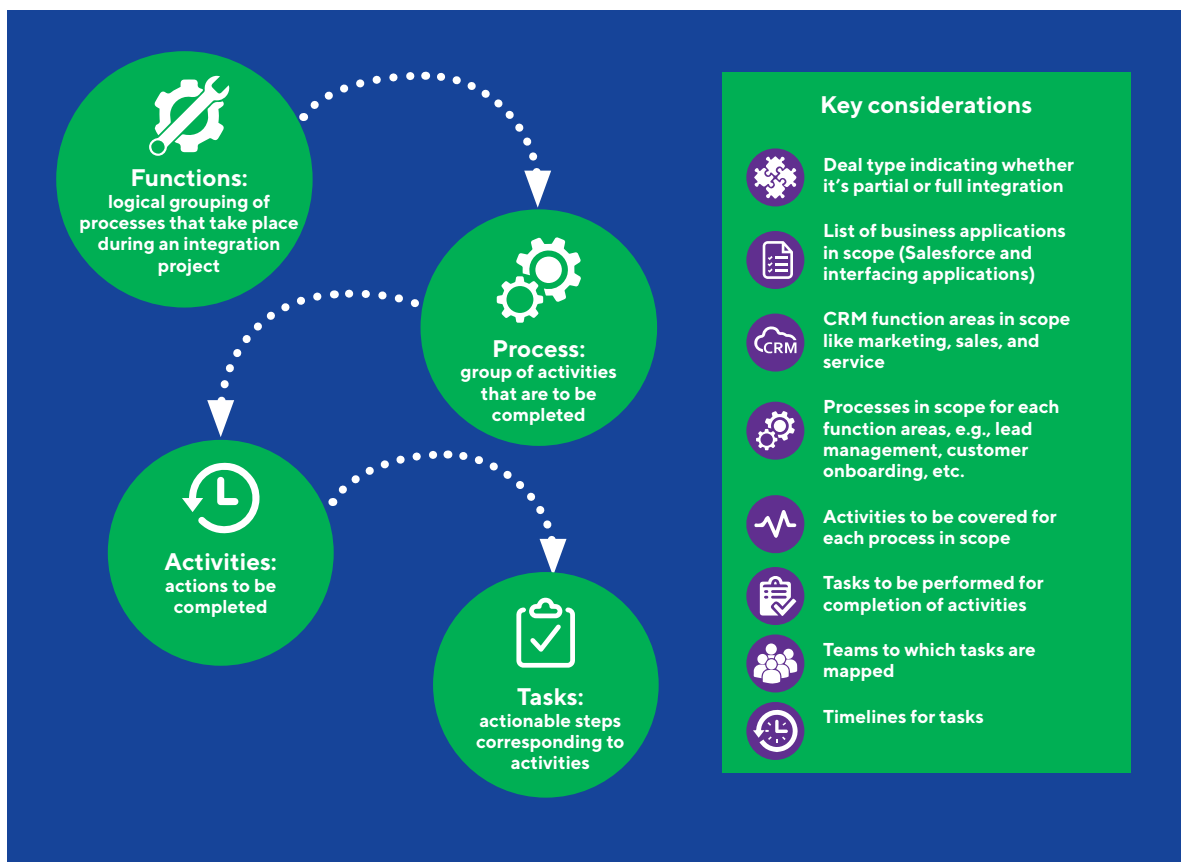
Figure 11

Quick Take

CRM Systems Consolidation: A Case in Point

The following provides a representative M&A project, in which our toolkit may have been leveraged to smoothly achieve the envisioned synergy between two combined organizations.

Business situation

A global leader in cloud computing and platform virtualization software and services was in the process of consolidating IT applications for the newly acquired companies. As a part of the business and IT strategy, the organization wanted to consolidate the CRM marketing functionalities across its own Salesforce instance and the Eloqua instance of one of its acquired companies. The aim was to leverage envisioned synergies by having the acquiring company set up a unified sales management process. The end objective was to improve partner experience and obtain operational excellence.

Lead management consolidation (out of the many sales processes) is taken into consideration for the purpose of this case reference.

Quick Take

Challenges

Keeping both systems (Salesforce and Eloqua) live post-completion of the acquisition has its own set of challenges, which are listed below:

l Multiple information sources, leading to ineffective lead nurturing and gaps in reporting.

l Possible duplication of efforts and error-prone process in managing leads in two systems.

l No effective lead assignment process, based on lead source, as leads are spread across multiple systems.

Solution

The crux of the solution is to reduce the manual effort by adding the lead data to the acquiring company's SFDC instance. Key points include:

l Synchronize the leads generated in Eloqua (CRM system of the acquired company) with the acquiring company's SFDC lead management functionality.

l Associate campaign with the lead in SFDC.

l Assign territory and route the leads based on territory assignment.

l Use lead conversion to create account, contact and opportunity in SFDC instance of the acquiring company.

l Execute the above migration-related activities by adopting the steps mentioned in this toolkit.

A future blueprint

Before implementing technology changes (i.e., merging CRM data and functionalities), leadership of the combined organization must understand key activities, their sequencing and associated timelines. This will help with up-front planning of the required resources and the smooth execution of change. Figure 12 highlights the envisioned roadmap.

The roadmap presents an approximate picture of the timelines by which the technology changes may be planned and executed. One caveat: The actual execution timelines may vary from our model, depending on the complexity and volume of data and process to be migrated, as well as the number of resources deployed.

The planning and execution of M&A as a process (encompassing people, process and technology aspects), and the associated technological changes, is inherently complex and comprises several critical steps. The key to successfully executing post-merger integration of CRM systems lies in brainstorming the organizational structure of the target SFDC-based CRM system, detailing the approach to license rationalization and successful execution of one-time data migration. The execution of these steps must be performed under the umbrella of effective change management, and care should be taken to abide by appropriate laws.

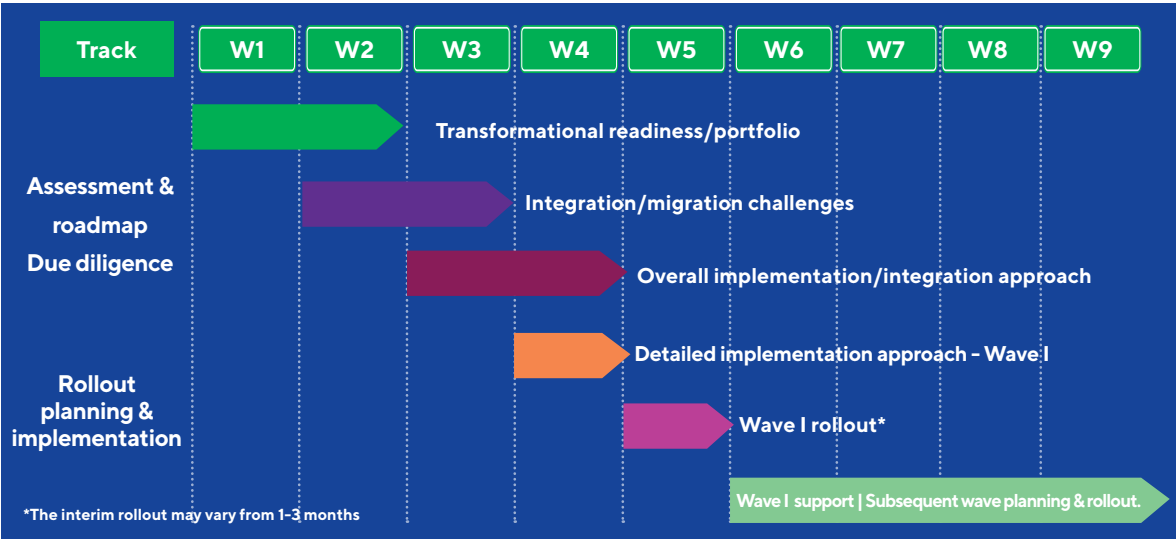## A suggested roadmap for executing M&A-related technology change

Track	W1	W2	W3	W4	W5	W6	W7	W8	W9

Assessment & roadmap
Due diligence

Transformational readiness/portfolio
Integration/migration challenges
Overall implementation/integration approach
Detailed implementation approach – Wave I
Wave I rollout*

Rollout planning & implementation

*The interim rollout may vary from 1-3 months

Wave I support | Subsequent wave planning & rollout.

Figure 12

Endnotes

[1]   Enterprise Architecture as Strategy: Creating a Foundation for Business Execution," the authors have proposed four operating models for business." https://blogs.msdn.microsoft.com/jmeier/2013/02/24/diversification-coordination-replication-and-unification/.

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